

AMENDED IN SENATE SEPTEMBER 4, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1269**

---

**Introduced by Assembly Member Dababneh**

February 27, 2015

---

An act to amend Section 26003 of, and to amend and repeal Section 26011.8 of, the Public Resources Code, and to amend Section 6010.8 of the Revenue and Taxation Code, relating to alternative energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1269, as amended, Dababneh. Alternative energy.

The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority. The act authorizes, until January 1, 2021, the authority to provide financial assistance in the form of a sales and use tax exclusion for projects, including those that promote California-based manufacturing, California-based jobs, the reduction of greenhouse gases, or the reduction in air and water pollution or energy consumption. The act prohibits the sales and use tax exclusions from exceeding \$100,000,000 for each calendar year. The act authorizes the authority, until July 1, 2016, to grant financial assistance in the form of a sales and use tax exclusion for projects that promote the use of advanced manufacturing.

This bill would extend the authorization to grant the above financial assistance to projects that promote the use of advanced manufacturing to January 1, 2021. By extending the eligibility of projects that promote the use of advanced manufacturing for the sales and use tax exclusion, which is limited at \$100,000,000 annually, this bill would result in a

taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution.

*This bill would incorporate additional changes in Section 26003 of the Public Resources Code, as amended by Section 1 of Chapter 540 of the Statutes of 2013, proposed by AB 199, that would become operative only if this bill and AB 199 are both chaptered and become effective on or before January 1, 2016, and this bill is chaptered last.*

*This bill would incorporate additional changes in Section 26003 of the Public Resources Code, as amended by Section 2 of Chapter 540 of the Statutes of 2013, proposed by AB 199, that would become operative only if this bill and AB 199 are both chaptered and become effective on or before January 1, 2016, and this bill is chaptered last.*

*This bill would incorporate additional changes to Section 26011.8 of the Public Resources Code, as amended by Section 3 of Chapter 540 of the Statutes of 2013, proposed by AB 199, that would become operative only if this bill and AB 199 are both chaptered and become effective on or before January 1, 2016, and this bill is chaptered last.*

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 26003 of the Public Resources Code, as
- 2 amended by Section 1 of Chapter 540 of the Statutes of 2013, is
- 3 amended to read:
- 4 26003. (a) As used in this division, unless the context
- 5 otherwise requires:
- 6 (1) (A) “Advanced manufacturing” means manufacturing
- 7 processes that improve existing or create entirely new materials,
- 8 products, and processes through the use of science, engineering,
- 9 or information technologies, high-precision tools and methods, a
- 10 high-performance workforce, and innovative business or
- 11 organizational models utilizing any of the following technology
- 12 areas:
- 13 (i) Microelectronics and nanoelectronics, including
- 14 semiconductors.
- 15 (ii) Advanced materials.
- 16 (iii) Integrated computational materials engineering.
- 17 (iv) Nanotechnology.
- 18 (v) Additive manufacturing.

1 (vi) Industrial biotechnology.

2 (B) “Advanced manufacturing” includes any of the following:

3 (i) Systems that result from substantive advancement, whether  
4 incremental or breakthrough, beyond the current industry standard,  
5 in the production of materials and products. These advancements  
6 include improvements in manufacturing processes and systems  
7 that are often referred to as “smart” or “intelligent” manufacturing  
8 systems, which integrate computational predictability and  
9 operational efficiency.

10 (ii) (I) Sustainable manufacturing systems and manufacturing  
11 technologies that minimize the use of resources while maintaining  
12 or improving cost and performance.

13 (II) Sustainable manufacturing systems and manufacturing  
14 technologies do not include those required to be undertaken  
15 pursuant to state or federal law or regulations, air district rules or  
16 regulations, memoranda of understanding with a governmental  
17 entity, or legally binding agreements or documents. The State Air  
18 Resources Board shall advise the authority to ensure that the  
19 requirements of this clause are met.

20 (2) (A) “Advanced transportation technologies” means  
21 emerging commercially competitive transportation-related  
22 technologies identified by the authority as capable of creating  
23 long-term, high value-added jobs for Californians while enhancing  
24 the state’s commitment to energy conservation, pollution and  
25 greenhouse gas emissions reduction, and transportation efficiency.

26 (B) “Advanced transportation technologies” does not include  
27 those projects required to be undertaken pursuant to state or federal  
28 law or regulations, air district rules or regulations, memoranda of  
29 understanding with a governmental entity, or legally binding  
30 agreements or documents. The State Air Resources Board shall  
31 advise the authority regarding projects that are excluded pursuant  
32 to this subparagraph.

33 (3) (A) “Alternative sources” means devices or technologies  
34 used for a renewable electrical generation facility, as defined in  
35 paragraph (1) of subdivision (a) of Section 25741, a combined  
36 heat and power system, as defined in Section 2840.2 of the Public  
37 Utilities Code, distributed generation and energy storage  
38 technologies eligible under the self-generation incentive program  
39 pursuant to Section 379.6 of the Public Utilities Code, as  
40 determined by the Public Utilities Commission, or a facility

1 designed for the production of renewable fuels, the efficient use  
2 of which reduce the use of fossil or nuclear fuels, and energy  
3 efficiency devices or technologies that reduce the need for new  
4 electric generation and reduce emissions of toxic and criteria  
5 pollutants and greenhouse gases.

6 (B) “Alternative sources” does not include a hydroelectric  
7 facility that does not meet state laws pertaining to the control,  
8 appropriation, use, and distribution of water, including, but not  
9 limited to, the obtaining of applicable licenses and permits.

10 (4) “Authority” means the California Alternative Energy and  
11 Advanced Transportation Financing Authority established pursuant  
12 to Section 26004, and any board, commission, department, or  
13 officer succeeding to the functions of the authority, or to which  
14 the powers conferred upon the authority by this division shall be  
15 given.

16 (5) “Cost” as applied to a project or portion of the project  
17 financed under this division means all or part of the cost of  
18 construction and acquisition of all lands, structures, real or personal  
19 property or an interest in the real or personal property, rights,  
20 rights-of-way, franchises, easements, and interests acquired or  
21 used for a project; the cost of demolishing or removing any  
22 buildings or structures on land so acquired, including the cost of  
23 acquiring any lands to which those buildings or structures may be  
24 moved; the cost of all machinery, equipment, and furnishings,  
25 financing charges, interest prior to, during, and for a period after,  
26 completion of construction as determined by the authority;  
27 provisions for working capital; reserves for principal and interest  
28 and for extensions, enlargements, additions, replacements,  
29 renovations, and improvements; the cost of architectural,  
30 engineering, financial, accounting, auditing and legal services,  
31 plans, specifications, estimates, administrative expenses, and other  
32 expenses necessary or ~~incident~~ *incidental* to determining the  
33 feasibility of constructing any project or ~~incident~~ *incidental* to the  
34 construction, acquisition, or financing of a project.

35 (6) “Financial assistance” includes, but is not limited to, loans,  
36 loan loss reserves, interest rate reductions, proceeds of bonds issued  
37 by the authority, bond insurance, loan guarantees or other credit  
38 enhancements or liquidity facilities, contributions of money, or a  
39 combination thereof, as determined by, and approved by the  
40 resolution of, the board.

1 (7) (A) “Participating party” means a person, federal or state  
2 agency, department, board, authority, or commission, state or  
3 community college, or university, or a city or county, regional  
4 agency, public district, school district, or other political entity  
5 engaged in the business or operations in the state, whether  
6 organized for profit or not for profit, that applies for financial  
7 assistance from the authority for the purpose of implementing a  
8 project.

9 (B) (i) For purposes of Section 6010.8 of the Revenue and  
10 Taxation Code, “participating party” means an entity specified in  
11 subparagraph (A) that seeks financial assistance pursuant to Section  
12 26011.8.

13 (ii) For purposes of Section 6010.8 of the Revenue and Taxation  
14 Code, an entity located outside of the state, including an entity  
15 located overseas, is considered to be a participating party and is  
16 eligible to apply for financial assistance pursuant to Section  
17 26011.8 if the participating party commits to, and demonstrates  
18 that, the party will be opening a manufacturing facility in the state.

19 (iii) It is the intent of the Legislature by adding clause (ii) to  
20 clarify existing law and ensure that an out-of-state entity or  
21 overseas entity is eligible to apply for financial assistance pursuant  
22 to Section 26011.8.

23 (8) (A) “Project” means a land, building, improvement to the  
24 land or building, rehabilitation, work, property, or structure, real  
25 or personal, stationary or mobile, including, but not limited to,  
26 machinery and equipment utilized in the state, whether or not in  
27 existence or under construction, that utilizes, or is designed to  
28 utilize, an alternative source, or that is utilized for the design,  
29 technology transfer, manufacture, production, assembly,  
30 distribution, or service of advanced transportation technologies or  
31 alternative source components.

32 (B) “Project,” for purposes of Section 26011.8 and Section  
33 6010.8 of the Revenue and Taxation Code, means tangible personal  
34 property that is utilized in the state for the design, manufacture,  
35 production, or assembly of advanced manufacturing, advanced  
36 transportation technologies, or alternative source products,  
37 components, or systems.

38 (9) “Revenue” means all rents, receipts, purchase payments,  
39 loan repayments, and all other income or receipts derived by the  
40 authority from a project, or the sale, lease, or other disposition of

1 alternative source or advanced transportation technology facilities,  
2 or the making of loans to finance alternative source or advanced  
3 transportation technology facilities, and any income or revenue  
4 derived from the investment of money in any fund or account of  
5 the authority.

6 (b) This section shall remain in effect only until January 1, 2021,  
7 and as of that date is repealed, unless a later enacted statute, that  
8 is enacted before January 1, 2021, deletes or extends that date.

9 *SEC. 1.5. Section 26003 of the Public Resources Code, as*  
10 *amended by Section 1 of Chapter 540 of the Statutes of 2013, is*  
11 *amended to read:*

12 26003. (a) As used in this division, unless the context  
13 otherwise requires:

14 (1) (A) “Advanced manufacturing” means manufacturing  
15 processes that improve existing or create entirely new materials,  
16 products, and processes through the use of science, engineering,  
17 or information technologies, high-precision tools and methods, a  
18 high-performance workforce, and innovative business or  
19 organizational models utilizing any of the following technology  
20 areas:

21 (i) Microelectronics and nanoelectronics, including  
22 semiconductors.

23 (ii) Advanced materials.

24 (iii) Integrated computational materials engineering.

25 (iv) Nanotechnology.

26 (v) Additive manufacturing.

27 (vi) Industrial biotechnology.

28 (B) “Advanced manufacturing” includes any of the following:

29 (i) Systems that result from substantive advancement, whether  
30 incremental or breakthrough, beyond the current industry standard,  
31 in the production of materials and products. These advancements  
32 include improvements in manufacturing processes and systems  
33 that are often referred to as “smart” or “intelligent” manufacturing  
34 systems, which integrate computational predictability and  
35 operational efficiency.

36 (ii) (I) Sustainable manufacturing systems and manufacturing  
37 technologies that minimize the use of resources while maintaining  
38 or improving cost and performance.

39 (II) Sustainable manufacturing systems and manufacturing  
40 technologies do not include those required to be undertaken

1 pursuant to state or federal law or regulations, air district rules or  
2 regulations, memoranda of understanding with a governmental  
3 entity, or legally binding agreements or documents. The State Air  
4 Resources Board shall advise the authority to ensure that the  
5 requirements of this clause are met.

6 (2) (A) “Advanced transportation technologies” means  
7 emerging commercially competitive transportation-related  
8 technologies identified by the authority as capable of creating  
9 long-term, high value-added jobs for Californians while enhancing  
10 the state’s commitment to energy conservation, pollution and  
11 greenhouse gas emissions reduction, and transportation efficiency.

12 (B) “Advanced transportation technologies” does not include  
13 those projects required to be undertaken pursuant to state or federal  
14 law or regulations, air district rules or regulations, memoranda of  
15 understanding with a governmental entity, or legally binding  
16 agreements or documents. The State Air Resources Board shall  
17 advise the authority regarding projects that are excluded pursuant  
18 to this subparagraph.

19 (3) (A) “Alternative sources” means devices or technologies  
20 used for a renewable electrical generation facility, as defined in  
21 paragraph (1) of subdivision (a) of Section 25741, a combined  
22 heat and power system, as defined in Section 2840.2 of the Public  
23 Utilities Code, distributed generation and energy storage  
24 technologies eligible under the self-generation incentive program  
25 pursuant to Section 379.6 of the Public Utilities Code, as  
26 determined by the Public Utilities Commission, or a facility  
27 designed for the production of renewable fuels, the efficient use  
28 of which reduce the use of fossil or nuclear fuels, and energy  
29 efficiency devices or technologies that reduce the need for new  
30 electric generation and reduce emissions of toxic and criteria  
31 pollutants and greenhouse gases.

32 (B) “Alternative sources” does not include a hydroelectric  
33 facility that does not meet state laws pertaining to the control,  
34 appropriation, use, and distribution of water, including, but not  
35 limited to, the obtaining of applicable licenses and permits.

36 (4) “Authority” means the California Alternative Energy and  
37 Advanced Transportation Financing Authority established pursuant  
38 to Section 26004, and any board, commission, department, or  
39 officer succeeding to the functions of the authority, or to which

1 the powers conferred upon the authority by this division shall be  
2 given.

3 (5) “Cost” as applied to a project or portion of the project  
4 financed under this division means all or part of the cost of  
5 construction and acquisition of all lands, structures, real or personal  
6 property or an interest in the real or personal property, rights,  
7 rights-of-way, franchises, easements, and interests acquired or  
8 used for a project; the cost of demolishing or removing any  
9 buildings or structures on land so acquired, including the cost of  
10 acquiring any lands to which those buildings or structures may be  
11 moved; the cost of all machinery, equipment, and furnishings,  
12 financing charges, interest prior to, during, and for a period after,  
13 completion of construction as determined by the authority;  
14 provisions for working capital; reserves for principal and interest  
15 and for extensions, enlargements, additions, replacements,  
16 renovations, and improvements; the cost of architectural,  
17 engineering, financial, accounting, auditing and legal services,  
18 plans, specifications, estimates, administrative expenses, and other  
19 expenses necessary or ~~incident~~ *incidental* to determining the  
20 feasibility of constructing any project or ~~incident~~ *incidental* to the  
21 construction, acquisition, or financing of a project.

22 (6) “Financial assistance” includes, but is not limited to, loans,  
23 loan loss reserves, interest rate reductions, proceeds of bonds issued  
24 by the authority, bond insurance, loan guarantees or other credit  
25 enhancements or liquidity facilities, contributions of money, or a  
26 combination thereof, as determined by, and approved by the  
27 resolution of, the board.

28 (7) (A) “Participating party” means a person, federal or state  
29 agency, department, board, authority, or commission, state or  
30 community college, or university, or a city or county, regional  
31 agency, public district, school district, or other political entity  
32 engaged in the business or operations in the state, whether  
33 organized for profit or not for profit, that applies for financial  
34 assistance from the authority for the purpose of implementing a  
35 project.

36 (B) (i) For purposes of Section 6010.8 of the Revenue and  
37 Taxation Code, “participating party” means an entity specified in  
38 subparagraph (A) that seeks financial assistance pursuant to Section  
39 26011.8.



(ii) For purposes of Section 6010.8 of the Revenue and Taxation Code, an entity located outside of the state, including an entity located overseas, is considered to be a participating party and is eligible to apply for financial assistance pursuant to Section 26011.8 if the participating party commits to, and demonstrates that, the party will be opening a manufacturing facility in the state.

(iii) It is the intent of the Legislature by adding clause (ii) to clarify existing law and ensure that an out-of-state entity or overseas entity is eligible to apply for financial assistance pursuant to Section 26011.8.

(8) (A) “Project” means a land, building, improvement to the land or building, rehabilitation, work, property, or structure, real or personal, stationary or mobile, including, but not limited to, machinery and equipment utilized in the state, whether or not in existence or under construction, that utilizes, or is designed to utilize, an alternative source, or that is utilized for the design, technology transfer, manufacture, production, assembly, distribution, or service of advanced transportation technologies or alternative source components.

(B) “Project,” for purposes of Section 26011.8 and Section 6010.8 of the Revenue and Taxation Code, ~~means tangible personal property that is utilized in the state for the design, manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems.~~ *is defined in Section 26011.8.*

(9) “Revenue” means all rents, receipts, purchase payments, loan repayments, and all other income or receipts derived by the authority from a project, or the sale, lease, or other disposition of alternative source or advanced transportation technology facilities, or the making of loans to finance alternative source or advanced transportation technology facilities, and any income or revenue derived from the investment of money in any fund or account of the authority.

(b) ~~This section shall become inoperative on July 1, 2016, and, as of January 1, 2017, remain in effect only until January 1, 2021, and as of that date is repealed, unless a later enacted statute, that becomes operative on or is enacted before January 1, 2017, 2021, deletes or extends the dates on which it becomes inoperative and is repealed. that date.~~

SEC. 2. Section 26003 of the Public Resources Code, as amended by Section 2 of Chapter 540 of the Statutes of 2013, is amended to read:

26003. (a) As used in this division, unless the context otherwise requires:

(1) (A) “Advanced transportation technologies” means emerging commercially competitive transportation-related technologies identified by the authority as capable of creating long-term, high value-added jobs for Californians while enhancing the state’s commitment to energy conservation, pollution and greenhouse gas emissions reduction, and transportation efficiency.

(B) “Advanced transportation technologies” does not include those projects required to be undertaken pursuant to state or federal law or regulations, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents. The State Air Resources Board shall advise the authority regarding projects that are excluded pursuant to this subparagraph.

(2) (A) “Alternative sources” means devices or technologies used for a renewable electrical generation facility, as defined in paragraph (1) of subdivision (a) of Section 25741, a combined heat and power system, as defined in Section 2840.2 of the Public Utilities Code, distributed generation and energy storage technologies eligible under the self-generation incentive program pursuant to Section 379.6 of the Public Utilities Code, as determined by the Public Utilities Commission, or a facility designed for the production of renewable fuels, the efficient use of which reduce the use of fossil or nuclear fuels, and energy efficiency devices or technologies that reduce the need for new electric generation and reduce emissions of toxic and criteria pollutants and greenhouse gases.

(B) “Alternative sources” does not include a hydroelectric facility that does not meet state laws pertaining to the control, appropriation, use, and distribution of water, including, but not limited to, the obtaining of applicable licenses and permits.

(3) “Authority” means the California Alternative Energy and Advanced Transportation Financing Authority established pursuant to Section 26004, and any board, commission, department, or officer succeeding to the functions of the authority, or to which

1 the powers conferred upon the authority by this division shall be  
2 given.

3 (4) “Cost” as applied to a project or portion of the project  
4 financed under this division means all or part of the cost of  
5 construction and acquisition of all lands, structures, real or personal  
6 property or an interest in the real or personal property, rights,  
7 rights-of-way, franchises, easements, and interests acquired or  
8 used for a project; the cost of demolishing or removing any  
9 buildings or structures on land so acquired, including the cost of  
10 acquiring any lands to which those buildings or structures may be  
11 moved; the cost of all machinery, equipment, and furnishings,  
12 financing charges, interest prior to, during, and for a period after,  
13 completion of construction as determined by the authority;  
14 provisions for working capital; reserves for principal and interest  
15 and for extensions, enlargements, additions, replacements,  
16 renovations, and improvements; the cost of architectural,  
17 engineering, financial, accounting, auditing and legal services,  
18 plans, specifications, estimates, administrative expenses, and other  
19 expenses necessary or ~~incident~~ *incidental* to determining the  
20 feasibility of constructing any project or ~~incident~~ *incidental* to the  
21 construction, acquisition, or financing of a project.

22 (5) “Financial assistance” includes, but is not limited to, loans,  
23 loan loss reserves, interest rate reductions, proceeds of bonds issued  
24 by the authority, bond insurance, loan guarantees or other credit  
25 enhancements or liquidity facilities, contributions of money, or a  
26 combination thereof, as determined by, and approved by the  
27 resolution of, the board.

28 (6) (A) “Participating party” means a person, federal or state  
29 agency, department, board, authority, or commission, state or  
30 community college, or university, or a city or county, regional  
31 agency, public district, school district, or other political entity  
32 engaged in the business or operations in the state, whether  
33 organized for profit or not for profit, that applies for financial  
34 assistance from the authority for the purpose of implementing a  
35 project.

36 (B) (i) For purposes of Section 6010.8 of the Revenue and  
37 Taxation Code, “participating party” means an entity specified in  
38 subparagraph (A) that seeks financial assistance pursuant to Section  
39 26011.8.

(ii) For purposes of Section 6010.8 of the Revenue and Taxation Code, an entity located outside of the state, including an entity located overseas, is considered to be a participating party and is eligible to apply for financial assistance pursuant to Section 26011.8 if the participating party commits to, and demonstrates that, the party will be opening a manufacturing facility in the state.

(iii) It is the intent of the Legislature by adding clause (ii) to clarify existing law and ensure that an out-of-state entity or overseas entity is eligible to apply for financial assistance pursuant to Section 26011.8.

(7) (A) “Project” means a land, building, improvement to the land or building, rehabilitation, work, property, or structure, real or personal, stationary or mobile, including, but not limited to, machinery and equipment utilized in the state, whether or not in existence or under construction, that utilizes, or is designed to utilize, an alternative source, or that is utilized for the design, technology transfer, manufacture, production, assembly, distribution, or service of advanced transportation technologies or alternative source components.

(B) “Project,” for purposes of Section 26011.8 and Section 6010.8 of the Revenue and Taxation Code, means tangible personal property that is utilized in the state for the design, manufacture, production, or assembly of advanced transportation technologies or alternative source products, components, or systems.

(8) “Revenue” means all rents, receipts, purchase payments, loan repayments, and all other income or receipts derived by the authority from a project, or the sale, lease, or other disposition of alternative source or advanced transportation technology facilities, or the making of loans to finance alternative source or advanced transportation technology facilities, and any income or revenue derived from the investment of money in any fund or account of the authority.

(b) This section shall become operative on January 1, 2021.

*SEC. 2.5. Section 26003 of the Public Resources Code, as amended by Section 2 of Chapter 540 of the Statutes of 2013, is amended to read:*

26003. (a) As used in this division, unless the context otherwise requires:

(1) (A) “Advanced transportation technologies” means emerging commercially competitive transportation-related

1 technologies identified by the authority as capable of creating  
2 long-term, high value-added jobs for Californians while enhancing  
3 the state's commitment to energy conservation, pollution and  
4 greenhouse gas emissions reduction, and transportation efficiency.

5 (B) "Advanced transportation technologies" does not include  
6 those projects required to be undertaken pursuant to state or federal  
7 law or regulations, air district rules or regulations, memoranda of  
8 understanding with a governmental entity, or legally binding  
9 agreements or documents. The State Air Resources Board shall  
10 advise the authority regarding projects that are excluded pursuant  
11 to this subparagraph.

12 (2) (A) "Alternative sources" means devices or technologies  
13 used for a renewable electrical generation facility, as defined in  
14 paragraph (1) of subdivision (a) of Section 25741, a combined  
15 heat and power system, as defined in Section 2840.2 of the Public  
16 Utilities Code, distributed generation and energy storage  
17 technologies eligible under the self-generation incentive program  
18 pursuant to Section 379.6 of the Public Utilities Code, as  
19 determined by the Public Utilities Commission, or a facility  
20 designed for the production of renewable fuels, the efficient use  
21 of which reduce the use of fossil or nuclear fuels, and energy  
22 efficiency devices or technologies that reduce the need for new  
23 electric generation and reduce emissions of toxic and criteria  
24 pollutants and greenhouse gases.

25 (B) "Alternative sources" does not include a hydroelectric  
26 facility that does not meet state laws pertaining to the control,  
27 appropriation, use, and distribution of water, including, but not  
28 limited to, the obtaining of applicable licenses and permits.

29 (3) "Authority" means the California Alternative Energy and  
30 Advanced Transportation Financing Authority established pursuant  
31 to Section 26004, and any board, commission, department, or  
32 officer succeeding to the functions of the authority, or to which  
33 the powers conferred upon the authority by this division shall be  
34 given.

35 (4) "Cost" as applied to a project or portion of the project  
36 financed under this division means all or part of the cost of  
37 construction and acquisition of all lands, structures, real or personal  
38 property or an interest in the real or personal property, rights,  
39 rights-of-way, franchises, easements, and interests acquired or  
40 used for a project; the cost of demolishing or removing any

1 buildings or structures on land so acquired, including the cost of  
2 acquiring any lands to which those buildings or structures may be  
3 moved; the cost of all machinery, equipment, and furnishings,  
4 financing charges, interest prior to, during, and for a period after,  
5 completion of construction as determined by the authority;  
6 provisions for working capital; reserves for principal and interest  
7 and for extensions, enlargements, additions, replacements,  
8 renovations, and improvements; the cost of architectural,  
9 engineering, financial, accounting, auditing and legal services,  
10 plans, specifications, estimates, administrative expenses, and other  
11 expenses necessary or ~~incident~~ *incidental* to determining the  
12 feasibility of constructing any project or ~~incident~~ *incidental* to the  
13 construction, acquisition, or financing of a project.

14 (5) “Financial assistance” includes, but is not limited to, loans,  
15 loan loss reserves, interest rate reductions, proceeds of bonds issued  
16 by the authority, bond insurance, loan guarantees or other credit  
17 enhancements or liquidity facilities, contributions of money, or a  
18 combination thereof, as determined by, and approved by the  
19 resolution of, the board.

20 (6) (A) “Participating party” means a person, federal or state  
21 agency, department, board, authority, or commission, state or  
22 community college, or university, or a city or county, regional  
23 agency, public district, school district, or other political entity  
24 engaged in the business or operations in the state, whether  
25 organized for profit or not for profit, that applies for financial  
26 assistance from the authority for the purpose of implementing a  
27 project.

28 (B) (i) For purposes of Section 6010.8 of the Revenue and  
29 Taxation Code, “participating party” means an entity specified in  
30 subparagraph (A) that seeks financial assistance pursuant to Section  
31 26011.8.

32 (ii) For purposes of Section 6010.8 of the Revenue and Taxation  
33 Code, an entity located outside of the state, including an entity  
34 located overseas, is considered to be a participating party and is  
35 eligible to apply for financial assistance pursuant to Section  
36 26011.8 if the participating party commits to, and demonstrates  
37 that, the party will be opening a manufacturing facility in the state.

38 (iii) It is the intent of the Legislature by adding clause (ii) to  
39 clarify existing law and ensure that an out-of-state entity or

1 overseas entity is eligible to apply for financial assistance pursuant  
2 to Section 26011.8.

3 (7) (A) “Project” means a land, building, improvement to the  
4 land or building, rehabilitation, work, property, or structure, real  
5 or personal, stationary or mobile, including, but not limited to,  
6 machinery and equipment utilized in the state, whether or not in  
7 existence or under construction, that utilizes, or is designed to  
8 utilize, an alternative source, or that is utilized for the design,  
9 technology transfer, manufacture, production, assembly,  
10 distribution, or service of advanced transportation technologies or  
11 alternative source components.

12 (B) “Project,” for purposes of Section 26011.8 and Section  
13 6010.8 of the Revenue and Taxation Code, ~~means tangible personal~~  
14 ~~property that is utilized in the state for the design, manufacture,~~  
15 ~~production, or assembly of advanced transportation technologies~~  
16 ~~or alternative source products, components, or systems.~~ *is defined*  
17 *in Section 26011.8.*

18 (8) “Revenue” means all rents, receipts, purchase payments,  
19 loan repayments, and all other income or receipts derived by the  
20 authority from a project, or the sale, lease, or other disposition of  
21 alternative source or advanced transportation technology facilities,  
22 or the making of loans to finance alternative source or advanced  
23 transportation technology facilities, and any income or revenue  
24 derived from the investment of money in any fund or account of  
25 the authority.

26 (b) This section shall become operative on ~~July~~ *January* 1, ~~2016~~.  
27 *2021.*

28 SEC. 3. Section 26011.8 of the Public Resources Code, as  
29 amended by Section 3 of Chapter 540 of the Statutes of 2013, is  
30 amended to read:

31 26011.8. (a) The purpose of this section is to promote the  
32 creation of California-based manufacturing, California-based jobs,  
33 advanced manufacturing, the reduction of greenhouse gases, or  
34 reductions in air and water pollution or energy consumption. In  
35 furtherance of this purpose, the authority may approve a project  
36 for financial assistance in the form of the sales and use tax  
37 exclusion established in Section 6010.8 of the Revenue and  
38 Taxation Code.

1 (b) For purposes of this section, “project” means a project as  
2 defined in subparagraph (B) of paragraph (8) of subdivision (a) of  
3 Section 26003.

4 (c) The authority shall publish notice of the availability of  
5 project applications and deadlines for submission of project  
6 applications to the authority.

7 (d) The authority shall evaluate project applications based upon  
8 all of the following criteria:

9 (1) The extent to which the project develops manufacturing  
10 facilities, or purchases equipment for manufacturing facilities,  
11 located in California.

12 (2) The extent to which the anticipated benefit to the state from  
13 the project equals or exceeds the projected benefit to the  
14 participating party from the sales and use tax exclusion.

15 (3) The extent to which the project will create new, permanent  
16 jobs in California.

17 (4) To the extent feasible, the extent to which the project, or the  
18 product produced by the project, results in a reduction of  
19 greenhouse gases, a reduction in air or water pollution, an increase  
20 in energy efficiency, or a reduction in energy consumption, beyond  
21 what is required by federal or state law or regulation.

22 (5) The extent of unemployment in the area in which the project  
23 is proposed to be located.

24 (6) Any other factors the authority deems appropriate in  
25 accordance with this section.

26 (e) At a duly noticed public hearing, the authority shall approve,  
27 by resolution, project applications for financial assistance.

28 (f) Notwithstanding subdivision (j), and without regard to the  
29 actual date of any transaction between a participating party and  
30 the authority, any project approved by the authority by resolution  
31 for the sales and use tax exclusion pursuant to Section 6010.8 of  
32 the Revenue and Taxation Code before March 24, 2010, shall not  
33 be subject to this section.

34 (g) The Legislative Analyst’s Office shall report to the Joint  
35 Legislative Budget Committee on the effectiveness of this program,  
36 on or before January 1, 2019, by evaluating factors, including, but  
37 not limited to, the following:

38 (1) The number of jobs created by the program in California.

39 (2) The number of businesses that have remained in California  
40 or relocated to California as a result of this program.



1 (3) The amount of state and local revenue and economic activity  
2 generated by the program.

3 (4) The types of advanced manufacturing, as defined in  
4 paragraph (1) of subdivision (a) of Section 26003, utilized.

5 (5) The amount of reduction in greenhouse gases, air pollution,  
6 water pollution, or energy consumption.

7 (h) The exclusions granted pursuant to Section 6010.8 of the  
8 Revenue and Taxation Code for projects approved by the authority  
9 pursuant to this section shall not exceed one hundred million dollars  
10 (\$100,000,000) for each calendar year.

11 (i) (1) The authority shall study the efficacy and cost benefit  
12 of the sales and use tax exemption as it relates to advanced  
13 manufacturing projects. The study shall include the number of jobs  
14 created, the costs of each job, and the annual salary of each job.  
15 The study shall also consider a dynamic analysis of the economic  
16 output to the state that would occur without the sales and use tax  
17 exemption. Before January 1, 2017, the authority shall submit to  
18 the Legislature, consistent with Section 9795 of the Government  
19 Code, the result of the study.

20 (2) Before January 1, 2015, the authority shall, consistent with  
21 Section 9795 of the Government Code, submit to the Legislature  
22 an interim report on the efficacy of the program conducted pursuant  
23 to this section. The study shall include recommendations on  
24 program changes that would increase the program's efficacy in  
25 creating permanent and temporary jobs, and whether eligibility  
26 for the program should be extended or narrowed to other  
27 manufacturing types. The authority may work with the Legislative  
28 Analyst's Office in preparing the report and its recommendations.

29 (j) This section shall remain in effect only until January 1, 2021,  
30 and as of that date is repealed, unless a later enacted statute, that  
31 becomes operative on or before January 1, 2021, deletes or extends  
32 that date. The sale or purchase of tangible personal property of a  
33 project approved before January 1, 2021, shall continue to be  
34 excluded from sales and use taxes pursuant to Section 6010.8 of  
35 the Revenue and Taxation Code for the period of time set forth in  
36 the authority's resolution approving the project pursuant to this  
37 section.

38 *SEC. 3.5. Section 26011.8 of the Public Resources Code, as*  
39 *amended by Section 3 of Chapter 540 of the Statutes of 2013, is*  
40 *amended to read:*

26011.8. (a) The purpose of this section is to promote the creation of California-based manufacturing, California-based jobs, advanced manufacturing, the reduction of greenhouse gases, or reductions in air and water pollution or energy consumption. In furtherance of this purpose, the authority may approve a project for financial assistance in the form of the sales and use tax exclusion established in Section 6010.8 of the Revenue and Taxation Code.

(b) For purposes of this section, the following terms have the following meanings:

~~(b) For purposes of this section, “project” means a project~~  
(1) “Project” means tangible personal property if at least 50 percent of its use is either to process recycled feedstock that is intended to be reused in the production of another product or using recycled feedstock in the production of another product or soil amendment, or tangible personal property that is used in the state for the design, manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems, as defined in ~~subparagraph (B) of paragraph (8) of subdivision (a) of Section 26003.~~ “Project” does not include tangible personal property that processes or uses recycled feedstock in a manner that would constitute disposal as defined in subdivision (b) of Section 40192.  
(2) “Recycled feedstock” means materials that would otherwise be destined for disposal, having completed their intended end use and product lifecycle.  
(3) “Soil amendments” may include “compost,” as defined in Section 14525 of the Food and Agricultural Code, “fertilizing material,” as defined in Section 14533 of the Food and Agricultural Code, “gypsum” or “phosphatic sulfate gypsum,” as those terms are defined in Section 14537 of the Food and Agricultural Code, or a substance distributed for the purpose of promoting plant growth or improving the quality of crops by conditioning soils through physical means.

(c) The authority shall publish notice of the availability of project applications and deadlines for submission of project applications to the authority.

(d) The authority shall evaluate project applications based upon all of the following criteria:

1 (1) The extent to which the project develops manufacturing  
2 facilities, or purchases equipment for manufacturing facilities,  
3 located in California.

4 (2) The extent to which the anticipated benefit to the state from  
5 the project equals or exceeds the projected benefit to the  
6 participating party from the sales and use tax exclusion.

7 (3) The extent to which the project will create new, permanent  
8 jobs in California.

9 (4) To the extent feasible, the extent to which the project, or the  
10 product produced by the project, results in a reduction of  
11 greenhouse gases, a reduction in air or water pollution, an increase  
12 in energy efficiency, or a reduction in energy consumption, beyond  
13 what is required by federal or state law or regulation.

14 (5) The extent of unemployment in the area in which the project  
15 is proposed to be located.

16 (6) Any other factors the authority deems appropriate in  
17 accordance with this section.

18 (e) At a duly noticed public hearing, the authority shall approve,  
19 by resolution, project applications for financial assistance.

20 (f) Notwithstanding subdivision (j), and without regard to the  
21 actual date of any transaction between a participating party and  
22 the authority, any project approved by the authority by resolution  
23 for the sales and use tax exclusion pursuant to Section 6010.8 of  
24 the Revenue and Taxation Code before March 24, 2010, shall not  
25 be subject to this section.

26 (g) The Legislative Analyst's Office shall report to the Joint  
27 Legislative Budget Committee on the effectiveness of this program,  
28 on or before January 1, 2019, by evaluating factors, including, but  
29 not limited to, the following:

30 (1) The number of jobs created by the program in California.

31 (2) The number of businesses that have remained in California  
32 or relocated to California as a result of this program.

33 (3) The amount of state and local revenue and economic activity  
34 generated by the program.

35 (4) The types of advanced manufacturing, as defined in  
36 paragraph (1) of subdivision (a) of Section 26003, utilized.

37 (5) The amount of reduction in greenhouse gases, air pollution,  
38 water pollution, or energy consumption.

39 (h) The exclusions granted pursuant to Section 6010.8 of the  
40 Revenue and Taxation Code for projects approved by the authority

1 pursuant to this section shall not exceed one hundred million dollars  
2 (\$100,000,000) for each calendar year.

3 (i) (1) The authority shall study the efficacy and cost benefit  
4 of the sales and use tax exemption as it relates to advanced  
5 manufacturing projects. The study shall include the number of jobs  
6 created, the costs of each job, and the annual salary of each job.  
7 The study shall also consider a dynamic analysis of the economic  
8 output to the state that would occur without the sales and use tax  
9 exemption. Before January 1, 2017, the authority shall submit to  
10 the Legislature, consistent with Section 9795 of the Government  
11 Code, the result of the study.

12 (2) Before January 1, 2015, the authority shall, consistent with  
13 Section 9795 of the Government Code, submit to the Legislature  
14 an interim report on the efficacy of the program conducted pursuant  
15 to this section. The study shall include recommendations on  
16 program changes that would increase the program's efficacy in  
17 creating permanent and temporary jobs, and whether eligibility  
18 for the program should be extended or narrowed to other  
19 manufacturing types. The authority may work with the Legislative  
20 Analyst's Office in preparing the report and its recommendations.

21 ~~(j) (1) Except as provided in paragraph (2), this section shall~~  
22 ~~become inoperative on July 1, 2016, and, as of January 1, 2017,~~  
23 ~~This section shall remain in effect only until January 1, 2021, and~~  
24 ~~as of that date is repealed, unless a later enacted statute, that~~  
25 ~~becomes operative on or before January 1, 2017, 2021, deletes or~~  
26 ~~extends the dates on which it becomes inoperative and is repealed.~~  
27 ~~that date.~~ The sale or purchase of tangible personal property of a  
28 project approved before ~~June 30, 2016, January 1, 2021,~~ shall  
29 continue to be excluded from sales and use taxes pursuant to  
30 Section 6010.8 of the Revenue and Taxation Code for the period  
31 of time set forth in the authority's resolution approving the project  
32 pursuant to this section.

33 ~~(2) Notwithstanding paragraph (1), the authority's obligation~~  
34 ~~to submit to the Legislature a report pursuant to paragraph (2) of~~  
35 ~~subdivision (i) shall remain operative until the submission of the~~  
36 ~~report.~~

37 SEC. 4. Section 26011.8 of the Public Resources Code, as  
38 amended by Section 4 of Chapter 540 of the Statutes of 2013, is  
39 repealed.

1 SEC. 5. Section 6010.8 of the Revenue and Taxation Code, as  
2 amended by Section 35 of Chapter 677 of the Statutes of 2012, is  
3 amended to read:

4 6010.8. (a) “Sale” and “purchase” do not include any lease or  
5 transfer of title of tangible personal property constituting any  
6 project to any participating party. As used in this section, “project”  
7 has the meaning specified in subparagraph (B) of paragraph (8)  
8 of subdivision (a) of Section 26003 of the Public Resources Code  
9 and “participating party” has the meaning specified in subparagraph  
10 (B) of paragraph (7) of subdivision (a) of Section 26003 of the  
11 Public Resources Code.

12 (b) This section shall remain in effect only until January 1, 2021,  
13 and as of that date is repealed, unless a later enacted statute, that  
14 is enacted before January 1, 2021, deletes or extends that date.

15 SEC. 6. Section 6010.8 of the Revenue and Taxation Code, as  
16 added by Section 36 of Chapter 677 of the Statutes of 2012, is  
17 amended to read:

18 6010.8. (a) “Sale” and “purchase” do not include any lease or  
19 transfer of title of tangible personal property constituting any  
20 project to any participating party. As used in this section, “project”  
21 has the meaning specified in subparagraph (B) of paragraph (7)  
22 of subdivision (a) of Section 26003 of the Public Resources Code  
23 and “participating party” has the meaning specified in subparagraph  
24 (B) of paragraph (6) of subdivision (a) of Section 26003 of the  
25 Public Resources Code.

26 (b) This section shall become operative on January 1, 2021.

27 *SEC. 7. Section 1.5 of this bill incorporates amendments to*  
28 *Section 26003 of the Public Resources Code, as amended by*  
29 *Section 1 of Chapter 540 of the Statutes of 2013, proposed by this*  
30 *bill and Assembly Bill 199. It shall only become operative if (1)*  
31 *both bills are enacted and become effective on or before January*  
32 *1, 2016, (2) each bill amends Section 26003 of the Public*  
33 *Resources Code, as amended by Section 1 of Chapter 540 of the*  
34 *Statutes of 2013, and (3) this bill is enacted after Assembly Bill*  
35 *199, in which case Section 26003 of the Public Resources Code,*  
36 *as amended by Section 1 of Chapter 540 of the Statutes of 2013,*  
37 *as amended by Assembly Bill 199, shall remain operative only*  
38 *until the operative date of this bill, at which time Section 1.5 of*  
39 *this bill shall become operative, and Section 1 of this bill shall not*  
40 *become operative.*

1     *SEC. 8. Section 2.5 of this bill incorporates amendments to*  
2     *Section 26003 of the Public Resources Code, as amended by*  
3     *Section 2 of Chapter 540 of the Statutes of 2013, proposed by this*  
4     *bill and Assembly Bill 199. It shall only become operative if (1)*  
5     *both bills are enacted and become effective on or before January*  
6     *1, 2016, (2) each bill amends Section 26003 of the Public*  
7     *Resources Code, as amended by Section 2 of Chapter 540 of the*  
8     *Statutes of 2013, and (3) this bill is enacted after Assembly Bill*  
9     *199, in which case Section 26003 of the Public Resources Code,*  
10    *as amended by Section 2 of Chapter 540 of the Statutes of 2013,*  
11    *as amended by Assembly Bill 199, shall remain operative only*  
12    *until the operative date of this bill, at which time Section 2.5 of*  
13    *this bill shall become operative, and Section 2 of this bill shall not*  
14    *become operative.*

15    *SEC. 9. Section 3.5 of this bill incorporates amendments to*  
16    *Section 26011.8 of the Public Resources Code, as amended by*  
17    *Section 3 of Chapter 540 of the Statutes of 2013, proposed by this*  
18    *bill and Assembly Bill 199. It shall only become operative if (1)*  
19    *both bills are enacted and become effective on or before January*  
20    *1, 2016, (2) each bill amends Section 26011.8 of the Public*  
21    *Resources Code, as amended by Section 3 of Chapter 540 of the*  
22    *Statutes of 2013, and (3) this bill is enacted after Assembly Bill*  
23    *199, in which case Section 26011.8 of the Public Resources Code,*  
24    *as amended by Section 3 of Chapter 540 of the Statutes of 2013,*  
25    *as amended by Assembly Bill 199, shall remain operative only*  
26    *until the operative date of this bill, at which time Section 3.5 of*  
27    *this bill shall become operative, and Section 3 of this bill shall not*  
28    *become operative.*

O